
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 22, 2009

MSCI Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation)*

001-33812
(Commission File Number)

13-4038723
*(IRS Employer
Identification No.)*

88 Pine Street, New York, NY 10005
(Address of principal executive offices)

10005
(Zip Code)

(212) 804-3900
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.***Separation Agreement***

On May 22, 2009, MSCI Inc. (the "Registrant") entered into a Separation Agreement (the "Separation Agreement") with Morgan Stanley (together with the Registrant, the "Parties"), which contains certain terms, conditions and covenants that govern the relationship between the Parties following the sale by Morgan Stanley of all of the outstanding common stock of the Registrant owned by it (the "Sale").

Under the Separation Agreement, the Parties shall settle all intercompany amounts owed between them within 90 days of the Sale, subject to certain limited exceptions.

The Separation Agreement also governs certain insurance matters between the Parties and permits the Registrant to assert claims under certain Morgan Stanley insurance policies for certain losses arising out of insured occurrences occurring from the date coverage thereunder first commenced until July 15, 2008 (or in the case of an insurance policy covering employed lawyers errors and omissions, July 1, 2008).

In addition, each Party shall have limited access upon request to the other's accounting and financial records for six years after the consummation of the Sale to the extent necessary or useful to the requesting Party in connection with any audit, dispute, litigation, regulatory proceedings or filings, or any other reasonable business purpose.

The above description of the Separation Agreement does not purport to be a complete statement of the parties' rights and obligations under that agreement. The Separation Agreement is filed as Exhibit 10.1 to this Form 8-K. The description of the material terms of the Separation Agreement is qualified in its entirety by reference to such exhibit.

Employee Matters Agreement

On May 22, 2009, the Registrant entered into an Employee Matters Agreement (the "Employee Matters Agreement") with Morgan Stanley, which governs certain employee related matters associated with the Registrant's separation from Morgan Stanley. The Employee Matters Agreement addresses, among other things, the allocation of certain employment related liabilities between the Registrant and Morgan Stanley in connection with the Registrant's separation from Morgan Stanley. The Employee Matters Agreement also addresses the tax treatment of certain Morgan Stanley equity awards. The Registrant does not expect the Employee Matters Agreement to have a material impact on the results of its operations. The foregoing description of the Employee Matters Agreement does not purport to be a complete statement of the Parties' rights and obligations under that agreement. The Employee Matters Agreement is filed as Exhibit 10.2 to this Form 8-K. The description of the material terms of the Employee Matters Agreement is qualified in its entirety by reference to such exhibit.

Services Agreement

On May 22, 2009, the Registrant entered into a Letter Agreement (the "Agreement") with Morgan Stanley, replacing the schedules to its Services Agreement, dated as of November 20, 2007, as amended July 21, 2008. Under the Agreement, Morgan Stanley shall provide to the Registrant certain financial services for up to three months following the date of the Agreement and certain legal and compliance services for up to six months following the date of the Agreement. The foregoing description does not purport to be a complete statement of the Parties' rights and obligations under the Agreement. The Agreement is filed as Exhibit 10.3 to this Form 8-K. The description of the material terms of the Agreement is qualified in its entirety by reference to such exhibit.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b) On May 22, 2009, the Registrant announced that Kenneth M. deRegt, a Director of the Registrant, has resigned from the Registrant effective immediately and therefore will no longer serve on the Board of Directors or as a member of the Compensation Committee.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
Exhibit 10.1	Separation Agreement, dated May 22, 2009, among MSCI Inc. and Morgan Stanley.
Exhibit 10.2	Employee Matters Agreement, dated May 22, 2009, among MSCI Inc. and Morgan Stanley
Exhibit 10.3	Letter Agreement, dated May 22, 2009, among MSCI Inc. and Morgan Stanley.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MSCI Inc.

Date: May 22, 2009

By: /s/ Henry A. Fernandez
Name: Henry A. Fernandez
Title: Chief Executive Officer, President
and Chairman

SEPARATION AGREEMENT

by and between

MORGAN STANLEY

and

MSCI INC.

Dated as of May 22, 2009

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SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT dated as of May 22, 2009 between Morgan Stanley, a Delaware corporation (“**Morgan Stanley**”) and MSCI Inc., a Delaware corporation (“**MSCI**”) (collectively, the “**Parties**”).

RECITALS

WHEREAS, Morgan Stanley intends to sell all of the outstanding shares of class A common stock, par value \$0.01 per share, of MSCI (“**MSCI Class A Common Stock**”) owned by Morgan Stanley (the “**Sale**”, and the date of the consummation of the disposition of all shares of MSCI Class A Common Stock held by Morgan Stanley, the “**Sale Date**”);

WHEREAS, the Parties hereto have determined to set forth certain agreements that will govern the relationship between the Parties in connection with the Sale;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01. *Definitions.* Unless otherwise defined herein, each capitalized term shall have the meaning specified for such term in the Tax Sharing Agreement between Morgan Stanley, on behalf of itself and the members of the MS Group, and MSCI, on behalf of itself and the members of the MSCI Group, dated as of November 20, 2007 (the “**Tax Sharing Agreement**”). As used in this Agreement:

“**Action**” means any demand, claim, suit, action, arbitration, inquiry, investigation or other proceeding by or before any Governmental Authority or any arbitration or mediation tribunal.

“**Agreement**” means this Separation Agreement together with all Schedules hereto and all amendments, modifications and changes hereto and thereto.

“**Ancillary Agreements**” means the Tax Sharing Agreement, the Employee Matters Agreement, the Services Agreement and the Shareholder Agreement.

“**Applicable Law**” means any federal, state, local or foreign law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, directive, guidance, instruction, direction, permission, waiver, notice, condition, limitation, restriction or prohibition or other similar requirement enacted, adopted, promulgated, imposed, issued or applied by a Governmental Authority that is binding upon or applicable to such Person, its properties or assets or its business or operations, as amended unless expressly specified otherwise.

“**Business Day**” means any day, other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or obligated by law to close.

“**Claims**” has the meaning set forth in Section 5.01.

“**Claims Administration**” means the processing of claims made under Morgan Stanley Policies, including the reporting of claims to the insurance carrier, management and defense of claims, and providing for appropriate releases upon settlement of claims.

“**Claims Made Policies**” has the meaning set forth in Section 3.04(a).

“**Confidential Information**” has the meaning set forth in Section 2.01.

“**Disposing Party**” has the meaning set forth in Section 5.03.

“**Employed Lawyers E&O Policy**” has the meaning set forth in Section 3.02.

“**Employee Matters Agreement**” means the Employee Matters Agreement between Morgan Stanley and MSCI dated as of May 22, 2009.

“**End Date**” has the meaning set forth in Section 3.02.

“**FIFO Basis**” means, with respect to the payment of Unrelated Claims pursuant to the same Shared Policy, the payment in full of each successful claim (regardless of whether a Morgan Stanley Insured Party or a MSCI Insured Party is the claimant) in the order in which such successful claim is approved by the insurance carrier, until the limit of the applicable Shared Policy is met.

“**Governmental Authority**” means any multinational, foreign, federal, state, local or other governmental, statutory or administrative authority, regulatory body or commission or any court, tribunal or judicial or arbitral authority which has any jurisdiction or control over either Party (or their Affiliates).

“**Indemnifying Party**” has the meaning set forth in Section 5.01.

“**Indemnitee**” has the meaning set forth in Section 5.01.

“**Insured Party**” means a Morgan Stanley Insured Party or a MSCI Insured Party.

“**Liabilities**” means any and all claims, debts, liabilities and obligations, absolute or contingent, matured or not matured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses relating thereto, and including, without limitation, those debts, liabilities and obligations arising under this Agreement, any Applicable Law, or any award of any arbitrator of any kind, and those arising under any agreement, commitment or undertaking.

“**Losses**” means, with respect to any person, any and all damages, losses, liabilities and expenses incurred or suffered by such person (including, without limitation, reasonable expenses of investigation and reasonable attorneys’ fees and expenses in connection with any and all Actions or threatened Actions).

“**Morgan Stanley Business**” means the business conducted by the MS Group from time to time (but excluding the MSCI Business), whether before, on or after the Sale.

“**Morgan Stanley Insured Party**” means any member of the MS Group that is named insured, additional named insured or insured under any Shared Policy.

“**Morgan Stanley Policies**” has the meaning set forth in Section 3.02.

“**MSCI Business**” means the business conducted by the MSCI Group from time to time, whether before, on or after the Sale.

“**MSCI Insured Party**” means any member of the MSCI Group that is named insured, additional named insured or insured under any Shared Policy.

“**Non-Paying Party**” has the meaning set forth in Section 4.01.

“**Occurrence Based Policies**” has the meaning set forth in Section 3.04(a).

“**Paying Party**” has the meaning set forth in Section 4.01.

“**Receiving Party**” has the meaning set forth in Section 5.03.

“**Related Claims**” means a claim or claims against a Shared Policy made by one or more MSCI Insured Parties, on the one hand, and one or more Morgan Stanley Insured Parties, on the other hand, filed in connection with Losses suffered by either a MSCI Insured Party or a Morgan Stanley Insured Party, as the

case may be, arising out of the same underlying transaction or series of transactions or event or series of events that have also given rise to Losses suffered by a Morgan Stanley Insured Party or a MSCI Insured Party, as the case may be, which Losses are the subject of a claim or claims by such Person against a Shared Policy.

“**Representatives**” has the meaning set forth in Section 2.01.

“**Services Agreement**” means the Services Agreement by and between Morgan Stanley and MSCI Inc. dated as of November 20, 2007, as amended on July 21, 2008.

“**Shareholder Agreement**” means the Amended and Restated Shareholder Agreement by and between Morgan Stanley and MSCI Inc. dated as of July 21, 2008.

“**Shared Policies**” has the meaning set forth in Section 3.04(a).

“**Sale Time**” means 12:00 p.m. on the Sale Date.

“**Third Party**” means a Person that is not an Affiliate of the MSCI Group or MS Group.

“**Unrelated Claims**” means a claim or claims against a Shared Policy that is not a Related Claim.

Section 1.02. *Interpretation.* In this Agreement, unless the context clearly indicates otherwise:

(a) words used in the singular include the plural and words used in the plural include the singular;

(b) references to any Person include such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

(c) references to any gender include the other gender;

(d) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”;

(e) references to any Article, Section or Schedules mean such Article or Section of, or such Schedule to, this Agreement, as the case may be, and references in any Section or definition to any clause mean such clause of such Section or definition;

(f) the words “herein,” “hereunder,” “hereof,” “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof;

(g) references to any agreement, instrument or other document mean such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(h) references to any law (including statutes and ordinances) mean such law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(i) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”;

(j) accounting terms used herein shall have the meanings historically ascribed to them by Morgan Stanley and its Subsidiaries, including MSCI, in its and their internal accounting and financial policies and procedures in effect prior to the date of this Agreement;

(k) the titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement;

(l) any portion of this Agreement obligating a Party to take any action or refrain from taking any action, as the case may be, shall mean that such Party shall also be obligated to cause its relevant Affiliates to take such action or refrain from taking such action, as the case may be; and

(m) unless otherwise specified in this Agreement, all references to dollar amounts herein shall be in respect of lawful currency of the United States.

ARTICLE 2 CONFIDENTIALITY AND ACCESS TO INFORMATION

Section 2.01. *Confidentiality.* Each Party acknowledges that it may have in its possession, and, in connection with this Agreement and the Ancillary Agreements, may receive, confidential information of the other Party or any member of its Group (including information in the possession of such other Party relating to its clients or customers) (“**Confidential Information**”). Each Party

shall hold and shall cause its directors, officers, employees, agents, consultants and advisors (“**Representatives**”) to hold in strict confidence and not to use except as permitted by this Agreement or any Ancillary Agreement all such Confidential Information concerning the other Party unless (i) such Party or any of its Representatives is compelled to disclose such Confidential Information by judicial or administrative process or by other requirements of Applicable Law or (ii) such Confidential Information can be shown to have been (A) in the public domain through no fault of such Party or any of its Representatives, (B) lawfully acquired after the Sale Date on a non-confidential basis from other sources not known by such Party to be under any legal obligation to keep such information confidential or (C) developed by such Party or any of its Representatives without the use of any Confidential Information of the other Party. Notwithstanding the foregoing, such Party may disclose such Confidential Information to its Representatives so long as such Persons are informed by such Party of the confidential nature of such Confidential Information and are directed by such Party to treat such information confidentially. The obligation of each Party and its Representatives to hold any such Confidential Information in confidence shall be satisfied if they exercise the same level of care with respect to such Confidential Information as they would with respect to their own proprietary information. If such Party or any of its Representatives becomes legally compelled to disclose any documents or information subject to this Section 2.01, such Party will promptly notify the other Party and, upon request, use reasonable efforts to cooperate with the other Party’s efforts to seek a protective order or other remedy. If no such protective order or other remedy is obtained or if the other Party waives in writing such Party’s compliance with this Section 2.01, such Party may furnish only that portion of the information which it concludes, after consultation with counsel, is legally required to be disclosed and will exercise its reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Each Party agrees to be responsible for any breach of this Section 2.01 by it and its Representatives.

Section 2.02. *Access to and Delivery of Information.* (a) For a period of six years after the Sale Date (or longer with respect to any open audit periods, *provided* that the Group requesting such access shall have given reasonable notice of the open audit period to the other Group prior to the end of such six year period), each Group shall afford promptly the other Group and its agents and, to the extent required by Applicable Law, authorized representatives of any Governmental Authority of competent jurisdiction, reasonable access during normal business hours to its books of account, financial and other records (including accountant’s work papers, to the extent consents have been obtained), information, employees and auditors to the extent necessary or useful for such other Group in connection with any audit, investigation, dispute or litigation, complying with their obligations under this Agreement or any Ancillary Agreement, any regulatory proceeding, any regulatory filings, complying with

reporting disclosure requirements or any other requirements imposed by any Governmental Authority or any other reasonable business purpose of the Group requesting such access; *provided* that any such access shall not unreasonably interfere with the conduct of the business of the Group providing such access; *provided further* that in the event any Party reasonably determines that affording any such access or delivery (as provided for below) to the other Party would be commercially detrimental in any material respect or violate any Applicable Law or agreement to which such Party or member of its Group is a party, or waive any attorney-client privilege applicable to such Party or any member of its Group, the Parties shall use reasonable efforts to permit the compliance with such request in a manner that avoids any such harm or consequence. Without limiting the generality of the foregoing, Morgan Stanley agrees to cooperate with MSCI and use reasonable efforts to promptly deliver to MSCI the items, and perform the functions, specified on Schedule 2.02(a) hereto.

(b) Without limiting the generality of the foregoing, until the end of the first full MSCI fiscal year occurring after the Sale Date (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Sale Date occurs), each Party shall use reasonable efforts, to cooperate with and deliver the other Party's information requests to enable the other Party to meet its timetable for dissemination of its earnings releases, financial statements and enable such other Party's auditors to timely complete their audit of the annual financial statements and review of the quarterly financial statements.

ARTICLE 3 INSURANCE MATTERS

Section 3.01. *Insurance Prior to the End Date.* Except as may otherwise be expressly provided in this Article 3, MSCI does hereby agree, for itself and on behalf of the MSCI Group, that the MS Group shall not have any Liability whatsoever as a result of the insurance policies, insurance contracts and claim administration contracts and practices related to the foregoing of the MS Group in effect at any time prior to the End Date (as defined in Section 3.02), including as a result of the level or scope of any such insurance policies, insurance contracts, claim administration contracts, the creditworthiness of any insurance carrier, the terms and conditions of any policy or contract and the adequacy or timeliness of any notice to any insurance carrier or claims administrator with respect to any actual claim or potential claim or otherwise.

Section 3.02. *Ownership of Existing Policies and Programs.* Morgan Stanley or any member of the MS Group will continue to own all insurance policies, insurance contracts and claim administration contracts of any kind of any

member of the MS Group which were or are in effect at any time at or prior to the Sale Time (other than insurance policies, insurance contracts and claim administration contracts established by any member of the MSCI Group to cover only the MSCI Group on or after the End Date), including general liability (whether primary, excess or umbrella), fiduciary liability, automobile, aircraft hull and liability, all risk property (including business interruption) and casualty, directors and officers liability, employer's liability, workers' compensation, comprehensive crime, errors and omissions and property/boiler and machinery insurance policies, together with all rights, benefits and privileges thereunder (collectively, the "**Morgan Stanley Policies**"). The Parties acknowledge that separate insurance policies were entered into by the MSCI Group as of July 15, 2008 (except in the case of an insurance policy covering employed lawyers errors and omissions (the "**Employed Lawyers E&O Policy**"), which was entered into by the MSCI Group as of July 1, 2008), in respect of the MSCI Business. As used herein, "**End Date**" shall refer to July 15, 2008, or, in the case of the Employed Lawyers E&O Policy, to July 1, 2008. Subject to the MSCI Group's rights under Section 3.04, the Parties acknowledge that coverage of the MSCI Group under the Morgan Stanley Policies ceased as of the End Date. Nothing contained herein shall be construed to be an attempted assignment of or a change to any part of the ownership of the Morgan Stanley Policies. Subject to the provisions of this Agreement, the members of the MS Group shall retain all of their respective rights, benefits and privileges, if any, under the Morgan Stanley Policies.

Section 3.03. *Maintenance of Post-Sale Insurance by MSCI.* As of the Sale Date, MSCI shall be responsible for maintaining its own insurance policies and programs (including with respect to general liability (whether primary, excess or umbrella), fiduciary liability, automobile, aircraft hull and liability, all risk property (including business interruption) and casualty, directors and officers liability, employer's liability, workers' compensation, comprehensive crime, errors and omissions and property/boiler and machinery insurance policies) for activities and claims involving any member of the MSCI Group. Each member of the MSCI Group, as appropriate, shall be responsible for all administrative and financial matters relating to insurance policies established and maintained by any member of the MSCI Group and claims relating to any period at or after the End Date involving any member of the MSCI Group.

Section 3.04. *Rights Under Shared Policies.* (a) At and after the Sale Time: (i) MSCI and the other members of the MSCI Group will have the right to assert claims for any Losses with respect to the MSCI Business under Morgan Stanley Policies that cover any member of the MSCI Group and/or any or all of the MSCI Business within the definition of the named insured, additional named insured, additional insured or insured (excluding, for the avoidance of doubt, any group health and welfare insurance policies) ("**Shared Policies**") with Third Party insurers that are "occurrence based" insurance policies ("**Occurrence Based Policies**") arising out of insured occurrences occurring from the date coverage

thereunder first commenced until the End Date to the extent that the terms and conditions of any such Occurrence Based Policies and agreements relating thereto so allow; (ii) MSCI and the other members of the MSCI Group will have the right to prosecute or continue to prosecute claims with respect to the MSCI Business properly asserted under Occurrence Based Policies for claims which arose at or prior to the End Date to the extent that the terms and conditions of any such Occurrence Based Policies and agreements relating thereto so allow; and (iii) MSCI and the other members of the MSCI Group will have the right to assert and/or continue to prosecute claims with respect to the MSCI Business under Shared Policies with Third Party insurers that are made under liability insurance policies written on a "claims made" basis ("**Claims Made Policies**") arising out of insured incidents occurring from the date coverage thereunder first commenced until the End Date to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow; *provided*, that in the case of clauses (i), (ii) and (iii), (A) subject to Section 3.04(b), the MS Group may generally (but not specifically with respect to, and having a material adverse effect on, the MSCI Group), at any time, without liability or obligation to the MSCI Group, amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Shared Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications), (B) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, and, with respect to any such deductibles, retentions or self-insurance provisions which require a payment by a member of the MS Group in respect thereof, MSCI shall reimburse such member of the MS Group for a *pro rata* portion of such payment based on MSCI's interest in such claim, (C) MSCI shall be responsible for and shall pay any claims handling expenses or residual Liability arising from such claims and (D) such claims will be subject to exhaustion of existing sublimits and aggregate limits as provided in Section 3.04(b). No member of the MS Group will bear any Liability for the failure of an insurer to pay any claim under any Shared Policy. It is understood that any Claims Made Policies may not provide any coverage to the MSCI Group for incidents occurring prior to the End Date but that are asserted with the insurance carrier after the End Date.

(b) In the event that after the End Date Morgan Stanley proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Shared Policies under which MSCI, the MSCI Business or the other members of the MSCI Group has or may in the future have rights to assert claims pursuant to this Article 3 in a manner that would adversely affect any such rights of MSCI, the MSCI Business or the other members of the MSCI Group, Morgan Stanley will give MSCI prior notice thereof.

(c) To the extent that the limits of any Shared Policy preclude payment in full of Unrelated Claims filed by any member of the MS Group, on the one

hand, and any member of the MSCI Group, on the other hand, the insurance proceeds available under such Shared Policy shall be paid to Morgan Stanley and/or MSCI, as applicable, on a FIFO Basis. In the event that any member of the MS Group, on the one hand, and any member of the MSCI Group, on the other hand, file Related Claims under any Shared Policy, each of Morgan Stanley and MSCI shall receive a *pro rata* amount of the available insurance proceeds, based on the relationship the Loss incurred by each such Party bears to the total Loss to both such Parties from the occurrence or event underlying the Related Claims.

Section 3.05. *Administration and Reserves.* (a) From and after the Sale, the MS Group will be responsible for the Claims Administration with respect to claims of the MS Group under Shared Policies.

(b) From and after the Sale, the MSCI Group will be responsible for the Claims Administration with respect to claims of the MSCI Group under Shared Policies. MSCI shall provide advance notice to Morgan Stanley of any such claims.

(c) Each Party agrees to consider in good faith (but shall have no obligation to accept) any requests by the other Party to provide assistance to, and cooperate with, such Party or any member of its Group with respect to the Claims Administration referred to in Sections 3.05(a) and 3.05(b). None of the members of either Group and their respective directors, officers, agents and employees shall have any liability, whether direct or indirect, in contract or tort or otherwise, to any Person for or in connection with the provision of such assistance or cooperation. All out of pocket expenses incurred by either Party in providing any such assistance or cooperation shall be reimbursed promptly by the other Party.

Section 3.06. *Insurance Premiums.* From and after the End Date, Morgan Stanley will pay all premiums, taxes, assessments or similar charges (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Shared Policies in respect of periods of coverage prior to the End Date, whereupon MSCI will upon the request of Morgan Stanley promptly reimburse Morgan Stanley for that portion of such additional premiums and other payments paid by Morgan Stanley as are reasonably determined by Morgan Stanley to be attributable to the MSCI Business. Notwithstanding the foregoing, to the extent that MSCI has previously paid a premium (or has been allocated a portion of a premium by Morgan Stanley) or satisfied a deductible amount under a Shared Policy, MSCI shall not be required to pay such premium pursuant to the foregoing sentence or satisfy such deductible again if MSCI makes a claim under such Shared Policy in accordance with this Article 3.

Section 3.07. *Agreement for Waiver of Conflict and Shared Defense.* In the event that a Shared Policy provides coverage for both a member of the MS Group, on the one hand, and a member of the MSCI Group, on the other hand,

relating to the same occurrence, Morgan Stanley and MSCI agree to defend jointly, *provided* that in the event there is a conflict of interest which in the reasonable opinion of either Party would otherwise prevent the conduct of that joint defense, the Parties shall cooperate to pursue coverage under such Shared Policy pursuant to appropriate arrangements (which may require separate counsel) as permitted by such Shared Policy. Nothing in this Section 3.07 will be construed to limit or otherwise alter in any way the indemnity obligations of the Parties, including those created by this Agreement, by operation of law or otherwise.

Section 3.08. *Duty to Mitigate Settlements.* To the extent that either Morgan Stanley or MSCI is responsible for the Claims Administration for any claims under any Shared Policies after the End Date, such Party shall use its reasonable efforts to mitigate the amount of any settlements of such claims.

Section 3.09. *Non-Waiver of Rights to Coverage.* An insurance carrier that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the provisions of this Article 3, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurance carrier or any Third Party shall be entitled to a benefit (i.e., a benefit such Person would not be entitled to receive had the Sale not occurred or in the absence of the provisions of this Article 3) by virtue of the provisions hereof.

ARTICLE 4 OTHER AGREEMENTS

Section 4.01. *Settlement of Intercompany Accounts.* From and after the Sale Date, the Parties shall use reasonable efforts to settle within 90 days after the Sale any intercompany receivables, payables and other balances between the members of the MS Group, on the one hand, and members of the MSCI Group, on the other hand, that are not settled as of the Sale, except for any such intercompany receivable, payable or other balance to the extent arising under or specifically provided for in this Agreement or any Ancillary Agreement. When any payment is made by a Party (the “**Paying Party**”) to the other Party (the “**Non-Paying Party**”) in connection with such a settlement, such payment made may be made after deduction by the Paying Party of any unpaid amounts owed to it by the Non-Paying Party.

ARTICLE 5
INDEMNIFICATION

Section 5.01. *Indemnification.* Each of MS Group and MSCI Group (each, as applicable, the “**Indemnifying Party**”) agrees to indemnify, defend and hold harmless the other Party, and if applicable, their respective directors, officers, members, shareholders, partners, attorneys, accountants, agents and their heirs, successors and assigns (each, as applicable, the “**Indemnitee**”) from, against and in respect of any damages, claims, losses, charges, actions, suits, proceedings, deficiencies, taxes, interest, penalties and reasonable costs and expenses (including without limitation reasonable attorney’s fees and disbursements) (“**Claims**”), imposed on, sustained, incurred or suffered by or asserted against any of the Indemnitees relating to or arising out of any breach by any member of the Indemnifying Party of this Agreement.

Section 5.02. *Notice of Claims.* The Indemnitee agrees to notify the Indemnifying Party, promptly in writing upon the receipt by the Indemnitee of notice of any pending or threatened claim or proceeding, including without limitation any audit or assessment with respect to taxes, which arise out of, in connection with or result from the activities contemplated hereby for which the Indemnifying Party has agreed to indemnify the Indemnitee. The Indemnitee further agrees to reasonably cooperate and assist and to instruct its employees, counsel and advisors to reasonably assist the Indemnifying Party in the defense of such claims or proceedings. The Indemnifying Party shall be entitled to participate, at its expense, in the defense of its interest in any such claim or proceeding.

Section 5.03. *Retention of Records.* Except as otherwise required by Applicable Law or agreed to in writing, each Party shall, and shall cause the members of its Group to, retain, in accordance with the practice of such Party applicable to the retention of its own information as in effect from time to time, any and all information in its possession or control relating to the other Group’s business. Neither Party shall destroy or otherwise dispose of any such information contrary to such retention practice, unless, prior to such destruction or disposal, the Party proposing such destruction or disposal (the “**Disposing Party**”) provides not less than 30 days’ prior written notice to the other Party (the “**Receiving Party**”), specifying the information proposed to be destroyed or disposed of and the scheduled date for such destruction or disposal. If the Receiving Party shall request in writing prior to the scheduled date for such destruction or disposal that any of the information proposed to be destroyed or disposed of be delivered to the Receiving Party, the Disposing Party shall promptly arrange for the delivery of such of the information as was requested at the expense of the Receiving Party; *provided* that in the event that the Disposing Party reasonably determines that any such provision of information would violate any Applicable Law or agreement to which such Party or member of its Group is

a party, or waive any attorney-client privilege applicable to such Party or any member of its Group, the Parties shall use reasonable efforts to permit the compliance with such request in a manner that avoids any such harm or consequence. Any records or documents that were subject to a litigation hold prior to the Sale Date must be retained by the applicable Party until such Party is notified by the other Party that the litigation hold is no longer in effect.

ARTICLE 6
MISCELLANEOUS

Section 6.01. *Notices.* Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing shall be duly given upon delivery, if delivered by hand, facsimile transmission, or mail, to the following addresses:

(a) If to Morgan Stanley to:

Morgan Stanley
1585 Broadway
New York, NY 10036
Attn: Martin M. Cohen, Director of Company Law
Facsimile: (212) 507-3334

with a copy to:

Davis Polk & Wardwell

450 Lexington Avenue
New York, NY 10017
Attn: John Bick, Esq.
Facsimile: (212) 450-3800

(b) If to MSCI to:

MSCI Inc.
88 Pine Street
New York, NY
Attn: General Counsel
Telephone: (212) 804-3900

or to such other addresses or telecopy numbers as may be specified by like notice to the other Party. All such notices, requests and other communications shall be deemed given, (a) when delivered in person or by courier or a courier services, (b) if sent by facsimile transmission (receipt confirmed) on a Business Day prior to 5 p.m. in the place of receipt, on the date of transmission (or, if sent after 5 p.m., on

the following Business Day) or (c) if mailed by certified mail (return receipt requested), on the date specified on the return receipt.

Section 6.02. *Amendments; No Waivers.* (a) From and after the Sale, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Morgan Stanley and MSCI, or in the case of a waiver, by the Party against whom the waiver is to be effective.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 6.03. *Expenses.* (a) Except as specifically provided otherwise in this Agreement or any Ancillary Agreement, all costs and expenses incurred by the MS Group in connection with the Sale, this Agreement and related transactions shall be paid by Morgan Stanley, and all costs and expenses incurred by the MSCI Group in connection with the Sale, this Agreement and related transactions shall be paid by MSCI.

(b) For the avoidance of doubt, as specified in the Shareholder Agreement all Registration Expenses (as defined therein) shall be paid by Morgan Stanley. Such expenses shall be billed directly to Morgan Stanley by the applicable third parties and MSCI shall not be required to pay any such expenses and thereafter seek reimbursement from Morgan Stanley.

Section 6.04. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns; *provided* that neither Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other Party hereto. If any Party or any of its successors or permitted assigns (i) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of such Party shall assume all of the obligations of such Party under this Agreement and the Ancillary Agreements.

Section 6.05. *Governing Law.* This Agreement shall be construed in accordance with and governed by the law of the State of New York, without regard to the conflicts of laws rules thereof.

Section 6.06. *Counterparts; Effectiveness; Third-Party Beneficiaries.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by the other Party hereto. Until and unless each Party has received a counterpart hereof signed by the other Party hereto, this Agreement shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). Neither this Agreement nor any provision hereof is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the Parties hereto and their respective successors and permitted assigns.

Section 6.07. *Entire Agreement.* This Agreement and the Ancillary Agreements constitute the entire understanding of the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof and thereof. No representation, inducement, promise, understanding, condition or warranty not set forth herein or in the Ancillary Agreement has been made or relied upon by any Party hereto or any member of their Group with respect to the transactions contemplated hereby or by the Ancillary Agreements. To the extent that the provisions of this Agreement are inconsistent with the provisions of any Ancillary Agreement, the provisions of such other Ancillary Agreement shall prevail.

Section 6.08. *Tax Matters.* Except as otherwise expressly provided herein, this Agreement shall not govern tax matters, which shall be exclusively governed by the Tax Sharing Agreement and the Employee Matters Agreement.

Section 6.09. *Jurisdiction.* Any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the United States District Court for the Southern District of New York or any other New York State court sitting in New York County, and each of the Parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 6.01 shall be deemed effective service of process on such Party.

Section 6.10. *WAIVER OF JURY TRIAL.* THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 6.11. *Severability.* If any one or more of the provisions contained in this Agreement should be declared invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a declaration, the Parties shall modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are consummated as originally contemplated to the fullest extent possible.

Section 6.12. *Survival.* All covenants and agreements of the Parties contained in this Agreement shall survive the Sale Date indefinitely, unless a specific survival or other applicable period is expressly set forth herein.

Section 6.13. *Captions.* The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

Section 6.14. *Specific Performance.* Each Party to this Agreement acknowledges and agrees that damages for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and irreparable harm would occur. In recognition of this fact, each Party agrees that, if there is a breach or threatened breach, in addition to any damages, the other nonbreaching Party to this Agreement, without posting any bond, shall be entitled to seek and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, attachment, or any other equitable remedy which may then be available to obligate the breaching Party (i) to perform its obligations under this Agreement or (ii) if the breaching Party is unable, for whatever reason, to perform those obligations, to take any other actions as are necessary, advisable or appropriate to give the other Party to this Agreement the economic effect which comes as close as possible to the performance of those obligations (including, but not limited to, transferring, or granting liens on, the assets of the breaching Party to secure the performance by the breaching Party of those obligations).

Section 6.15. *Performance.* Each Party shall cause to be performed all actions, agreements and obligations set forth herein to be performed by any member of such Party's Group.

Section 6.16. *Limited Liability.* Notwithstanding any other provision of this Agreement, no individual who is a stockholder, director, employee, officer, agent or representative of MSCI or Morgan Stanley, nor any individual employed or previously employed by MSCI or Morgan Stanley or their respective Affiliates and serving or previously serving as a fiduciary of any benefit plan of MSCI or Morgan Stanley or their respective Affiliates (or any body consisting of such individuals), in his, her or its capacity as such, shall have any liability in respect of or relating to the covenants or obligations of MSCI or Morgan Stanley under this Agreement and, to the fullest extent legally permissible, each of MSCI and Morgan Stanley, for itself and its respective stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such Person otherwise might have pursuant to Applicable Law.

Section 6.17. *Mutual Drafting.* This Agreement shall be deemed to be the joint work product of Morgan Stanley and MSCI and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 6.18. *Effect if Sale Does Not Occur.* Notwithstanding anything in this Agreement to the contrary, if the Sale does not occur, this Agreement shall be of no force and effect.

Section 6.19. *Corporate Authorization.* The officers of Morgan Stanley and MSCI are hereby authorized, empowered and directed, in the name and on behalf of each of Morgan Stanley and MSCI, respectively, to take or cause to be taken all such further action, to execute and deliver or cause to be executed and delivered all such further agreements, certificates, instruments and documents, to make or cause to be made all such filings with governmental or regulatory authorities, and to pay or cause to be paid all such fees and expenses, in each case which shall in such officers' judgment be deemed necessary, proper or advisable to effect and carry out the intent of this Agreement, such determination to be evidenced conclusively by such officers' execution and delivery thereof or taking of action in respect thereto.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their names by a duly authorized officer as of the date first written above.

MORGAN STANLEY

By: /s/ Colm Kelleher
Name: Colm Kelleher
Title: Chief Financial Officer

MSCI INC.

By: /s/ Henry A. Fernandez
Name: Henry A. Fernandez
Title: Chairman and CEO

Signature Page to Separation Agreement

EMPLOYEE MATTERS AGREEMENT

by and between

MORGAN STANLEY

and

MSCI INC.

Dated as of May 22, 2009

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EMPLOYEE MATTERS AGREEMENT

THIS EMPLOYEE MATTERS AGREEMENT dated as of May 22, 2009 between Morgan Stanley, a Delaware corporation (“**Morgan Stanley**”) and MSCI Inc., a Delaware corporation (“**MSCI**”) (collectively, the “**Parties**”).

RECITALS

WHEREAS, Morgan Stanley intends to sell all of the outstanding shares of class A common stock, par value \$0.01 per share, of MSCI (“**MSCI Class A Common Stock**”) owned by Morgan Stanley (the “**Sale**”, and the date of the consummation of the disposition of all shares of MSCI Class A Common Stock held by Morgan Stanley, the “**Sale Date**”);

WHEREAS, the Parties hereto have determined to set forth certain agreements that will govern the relationship between the Parties in connection with the Sale;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01. *Definitions.* Unless otherwise defined herein, each capitalized term shall have the meaning specified for such term in the Tax Sharing Agreement between Morgan Stanley, on behalf of itself and the members of the MS Group, and MSCI, on behalf of itself and the members of the MSCI Group, dated as of November 20, 2007 (the “**Tax Sharing Agreement**”). As used in this Agreement:

“**Action**” means any demand, claim, suit, action, arbitration, inquiry, investigation or other proceeding by or before any Governmental Authority or any arbitration or mediation tribunal.

“**Agreement**” means this Employee Matters Agreement and all amendments, modifications and changes hereto.

“**Ancillary Agreements**” means the Tax Sharing Agreement and the Separation Agreement.

“**Applicable Law**” means any federal, state, local or foreign law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling, directive, guidance, instruction, direction, permission, waiver, notice, condition, limitation, restriction or prohibition or other similar requirement enacted, adopted, promulgated, imposed, issued or applied by a Governmental Authority that is binding upon or applicable to such

Person, its properties or assets or its business or operations, as amended unless expressly specified otherwise.

“**Applicable Tax Rate**” has the meaning set forth in Section 3.02(d).

“**Business Day**” means any day, other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or obligated by law to close.

“**Claims**” has the meaning set forth in Section 6.01.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**COBRA**” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Part 6 of Subtitle B of Title I of ERISA and at Section 4980B of the Code, as amended.

“**Compensation Deduction Payment**” has the meaning set forth in Section 3.02(d).

“**Employee**” means any Morgan Stanley Business Employee or Former Morgan Stanley Employee or MSCI Business Employee or Former MSCI Employee.

“**EEOC**” means the U.S. Equal Employment Opportunity Commission.

“**ERISA**” means the U.S. Employee Retirement Income Security Act of 1974, as amended.

“**Former MSCI Employees**” means all employees who, as of their last day of employment, were employed by any member of the MSCI Group.

“**Former Morgan Stanley Employees**” means all employees who, as of their last day of employment, were employed by any member of the MS Group.

“**Governmental Authority**” means any multinational, foreign, federal, state, local or other governmental, statutory or administrative authority, regulatory body or commission or any court, tribunal or judicial or arbitral authority which has any jurisdiction or control over either Party (or their Affiliates).

“**Indemnifying Party**” has the meaning set forth in Section 6.01.

“**Indemnitee**” has the meaning set forth in Section 6.01.

“**Morgan Stanley Business Employee**” means any individual who is, immediately prior to the Sale, employed by Morgan Stanley or any of its Subsidiaries or Affiliates and is not an MSCI Business Employee.

“**Morgan Stanley Equity Awards**” means Morgan Stanley Stock Options and Morgan Stanley RSUs.

“Morgan Stanley Equity Plans” means any plan or arrangement under the authority of which Morgan Stanley has granted compensatory stock options, restricted stock units or any other compensatory awards based on Morgan Stanley Common Stock, which awards are outstanding immediately prior to the Sale Date.

“Morgan Stanley RSU” means a right representing a contractual entitlement to one share of Morgan Stanley Common Stock, in accordance with the terms of the relevant award and the Morgan Stanley Equity Plans under which the Morgan Stanley RSU is granted.

“Morgan Stanley Subsidiary” means, as used in Article 4, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are expected to be directly or indirectly owned by Morgan Stanley immediately after the Sale.

“Morgan Stanley Stock Option” means a right representing the contractual entitlement to purchase one share of Morgan Stanley Common Stock in accordance with the terms of the relevant award and the Morgan Stanley Equity Plans.

“MSCI Business Employee” means any individual who is, immediately prior to the Sale, employed by any member of the MSCI Group. An MSCI Business Employee may not be a Morgan Stanley Business Employee.

“MSCI Group” means one or more of (i) MSCI, (ii) on or before the Deconsolidation Date, any Person that is, or was, a Subsidiary of MSCI for such period of ownership by MSCI and (iii) to the extent not previously included by (ii), Barra and its Subsidiaries, including for (i), (ii) and (iii) any predecessors and successors thereto. In addition, for purposes of this Agreement and the Separation Agreement, **“MSCI Group”** shall include any Person that is, or was, a Subsidiary of MSCI for such period of ownership by MSCI after the Deconsolidation Date.

“Separation Agreement” means the Separation Agreement between Morgan Stanley and MSCI dated as of May 22, 2009.

Section 1.02. *Interpretation.* In this Agreement, unless the context clearly indicates otherwise:

- (a) words used in the singular include the plural and words used in the plural include the singular;
- (b) references to any Person include such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;
- (c) references to any gender include the other gender;

(d) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”;

(e) references to any Article or Section mean such Article or Section of this Agreement, as the case may be, and references in any Section or definition to any clause mean such clause of such Section or definition;

(f) the words “herein,” “hereunder,” “hereof,” “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof;

(g) references to any agreement, instrument or other document mean such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(h) references to any law (including statutes and ordinances) mean such law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(i) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”;

(j) accounting terms used herein shall have the meanings historically ascribed to them by Morgan Stanley and its Subsidiaries, including MSCI, in its and their internal accounting and financial policies and procedures in effect prior to the date of this Agreement;

(k) the titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement;

(l) any portion of this Agreement obligating a Party to take any action or refrain from taking any action, as the case may be, shall mean that such Party shall also be obligated to cause its relevant Affiliates to take such action or refrain from taking such action, as the case may be; and

(m) unless otherwise specified in this Agreement, all references to dollar amounts herein shall be in respect of lawful currency of the United States.

ARTICLE 2
AGREEMENTS BY MORGAN STANLEY

Section 2.01. *Systems Infrastructure.* Morgan Stanley agrees to allow MSCI to use Morgan Stanley PeopleSoft systems infrastructure for a reasonable time period, but in no event later than May 31, 2009, until MSCI is able to implement and maintain its own independent systems infrastructure; *provided* that to the extent necessary, access to specified Morgan Stanley systems infrastructure may be extended for such necessary period of time after May 31, 2009.

Section 2.02. *Morgan Stanley Funds.* Unless specifically not permitted under the respective fund agreement or by Applicable Law, Morgan Stanley agrees to allow each MSCI Business Employee who is invested in any Morgan Stanley private equity fund as of the Sale Date to continue his or her participation in such fund after the Sale Date on the terms of the applicable fund agreement, as though such Employee were employed by Morgan Stanley.

Section 2.03. *Employee Discounts.* Morgan Stanley agrees to continue to provide to MSCI Business Employees who, as of the Sale Date, are MSCI Business Employees who have a Morgan Stanley brokerage account, employee discounts on Morgan Stanley brokerage accounts for three years after the Sale Date.

Section 2.04. *Trading.* Morgan Stanley agrees to extend the amount of time during which MSCI Business Employees located outside of the United States shall be permitted to trade through the Morgan Stanley trading desk for a period of time to be mutually agreed by Morgan Stanley and MSCI, which shall be no less than 30 days after the Sale Date, and no more than 90 days after the Sale Date.

ARTICLE 3
EQUITY COMPENSATION AWARDS

Section 3.01. *Stock Options and Restricted Stock Units.* For each unvested Morgan Stanley Stock Option and each unvested Morgan Stanley RSU held by an MSCI Business Employee and issued and outstanding under any Morgan Stanley Equity Plan, at the time of the Sale, such MSCI Business Employee will be treated as involuntarily terminated not for cause by Morgan Stanley and per the terms of the applicable award, will become fully vested in such Morgan Stanley Stock Option and Morgan Stanley RSU on the Sale Date.

Section 3.02. *Responsibility For Dividend Equivalent Payments, Tax Deduction, Tax Withholding and Reporting Obligations*

(a) *Dividend Equivalent Payments.* With respect to each Morgan Stanley Equity Award held by an Employee who was employed by any member of the MSCI Group at the time of grant, Morgan Stanley will have the obligation to pay MSCI 60% of all dividend equivalent amounts owing to such employee in respect of such

award, which amount shall be the dividend equivalent amount owing to such employee net of the estimated tax benefit to MSCI, as determined by Morgan Stanley. MSCI will have the obligation to pay such employees as set forth in the preceding sentence 100% of all such dividend equivalent amounts net of any applicable tax withholding.

(b) *Party Eligible to Record Tax Deduction.* With respect to each Morgan Stanley Equity Award, including all dividend equivalent amounts paid in respect of such award, held by an Employee, the Party that will record the tax deduction with respect to such equity award will be the employer entity at the time of grant. For the avoidance of doubt, MSCI will record the tax deduction with respect to each Employee who was employed by any member of the MSCI Group at the time of grant, including all dividend equivalent amounts paid to such employee in respect of such award, and Morgan Stanley will record the tax deduction with respect to each Morgan Stanley Equity Award held by an Employee who was employed by any member of the MS Group at the time of grant, including all dividend equivalent amounts paid to such employee in respect of such award.

(c) *Responsibility for Tax Withholding and Reporting Obligations.*

(i) *Party Responsible for Income Tax Withholding and Reporting Obligations.* With respect to each Morgan Stanley Equity Award held by an Employee, the Party that will be responsible for all tax withholding and reporting obligations that arise in connection with the exercise, transfer or other settlement of such award will be the employer entity at the time of grant. For the avoidance of doubt, MSCI will be responsible for all tax withholding and reporting obligations with respect to each Employee who was employed by any member of the MSCI Group at the time of grant, and Morgan Stanley will be responsible for all tax withholding and reporting obligations with respect to each Morgan Stanley Equity Award held by an Employee who was employed by any member of the MS Group at the time of grant.

(ii) *Cash Transfer from Morgan Stanley to MSCI for Net Share Settlement.* With respect to each Morgan Stanley Equity Award held by an Employee who was employed by any member of the MSCI Group at the time of grant, in the event, at the time of the exercise or conversion of the award, the holder of the award elects net share settlement to satisfy tax withholding, Morgan Stanley and MSCI agree that Morgan Stanley shall transfer to MSCI, (A) cash, on a monthly basis, in an amount equal to the value of any such shares withheld from delivery upon exercise or conversion in the preceding month and (B) on a timely basis (*i.e.*, giving MSCI a reasonable amount of time to fulfill any reporting obligations) any information regarding such event that MSCI is obligated to report to the IRS arising in connection therewith.

(iii) *Gross Share Settlement.* To the extent that an Employee who was employed by any member of the MSCI Group at the time of grant has not elected net share tax settlement to satisfy tax withholding as set forth in (ii)

above, Morgan Stanley will collect such withholding amount from such Employee in a manner approved by Morgan Stanley and will remit cash, on a monthly basis, to MSCI in the amount of any tax withholding obligations that arise in connection with the vesting, exercise or conversion of such awards in the preceding month. Morgan Stanley will deliver to MSCI on a timely basis any information regarding such events that MSCI is obligated to report to the IRS arising in connection therewith.

(d) *Cash Payments in respect of Tax Deductions.* With respect to Morgan Stanley RSUs held by an Employee who was employed by any member of the MSCI Group at the time of grant that are converted in January 2010, either MSCI will make a cash payment to Morgan Stanley for any net incremental tax deduction being made available to MSCI and not limited by Section 162(m) of the Code upon the conversion of such Morgan Stanley RSUs or Morgan Stanley will make a cash payment to MSCI for any net decremental tax deduction being made available to MSCI upon the conversion of such Morgan Stanley RSUs (each being determined without regard to (i) whether or not the MSCI Group has any income in such year, or (ii) when and whether, or in what amount, the MSCI Group actually realizes a benefit in the form of a reduction in taxes payable or a refund in respect of such tax deductions) (any such net payment the “**Compensation Deduction Payment**”). The incremental tax deduction shall be equal to the product of (i) the maximum combined federal and state effective tax rate applicable to the ordinary business income of the MSCI Group for the prior taxable year (the “**Applicable Tax Rate**”), to be provided by MSCI to Morgan Stanley prior to February 1, 2010, and (ii) the excess of the aggregate fair market value of Morgan Stanley common stock deliverable (disregarding any net share settlement elections by the employees) in connection with the conversion of such Morgan Stanley RSUs (the fair market value of Morgan Stanley common stock delivered in connection with such conversion to be determined on the conversion date) over the aggregate of such Morgan Stanley RSUs’ previously determined values for accounting purposes for which MSCI has been charged. The decremental tax deduction shall be equal to the product of (i) the Applicable Tax Rate and (ii) the excess of the aggregate values for such Morgan Stanley RSUs converted for which MSCI has been charged for accounting purposes over the aggregate fair market value of Morgan Stanley common stock deliverable (disregarding any net share settlement elections by the employees) in connection with the conversion of such Morgan Stanley RSUs (the fair market value of Morgan Stanley common stock delivered in connection with such conversion to be determined on the conversion date). The Compensation Deduction Payment shall be calculated by netting any incremental tax deduction against any decremental tax deduction and the Party responsible for making the Compensation Deduction Payment shall do so in accordance with Section 14 of the Tax Sharing Agreement.

(e) *Offset.* Any cash transfers to be made by Morgan Stanley to MSCI under this Agreement may be offset or otherwise reduced by any payments owed by MSCI to Morgan Stanley, and any cash transfers to be made by MSCI to Morgan

Stanley under this Agreement may be offset or otherwise reduced by any payments owed by Morgan Stanley to MSCI.

(f) *Effect on Intercompany Accounts.* As a result of the Sale, the Morgan Stanley Equity Awards held by Employees who were employed by any member of the MSCI Group at the time of grant will trigger an accounting charge. Consistent with Morgan Stanley's past practice, MSCI will be charged an intercompany accounting expense, which will be settled pursuant to the Separation Agreement.

(g) *Schedule of Outstanding Equity Awards.* Morgan Stanley will provide a complete schedule listing all MSCI Business Employees and Former MSCI Employees who hold Morgan Stanley Equity Awards as of the Sale Date. Such list will include (i) the expiration date of each award; (ii) price information, including the grant price, the volume weighted average price and the estimated Black Scholes value (determined in accordance with Morgan Stanley's methodology); and (iii) an indication of whether or not each such MSCI Business Employee is full career retirement eligible. Subsequent to the Sale Date, Morgan Stanley will update such schedule to provide the estimated Black Scholes value (determined in accordance with Morgan Stanley's methodology), based on Morgan Stanley's closing stock price on the Sale Date.

(h) *Necessary Agreements.* Morgan Stanley and MSCI agree to enter into any necessary agreements regarding the subject matter of this Section 3.02 to enable them to fulfill their respective obligations hereunder, including but not limited to compliance with all Applicable Laws and regulations regarding the reporting, withholding or remitting of income and social insurance taxes, and further including but not limited to any special arrangements generally consistent with the practices set forth in this Article that may be necessary or mutually desirable in connection with any Morgan Stanley Business Employees or any Former Morgan Stanley Employees who were employed by any member of the MSCI Group at the time of grant of their Morgan Stanley Equity Awards.

ARTICLE 4

GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 4.01. *General Principle.*

(a) *Assumption of Certain Obligations by MSCI Group.* Except as otherwise provided in this Agreement, the Parties agree that after the Sale Date, MSCI shall continue the sponsorship of, and none of Morgan Stanley or any Morgan Stanley Subsidiary shall have any further liability for or under, the following agreements, obligations and liabilities, and MSCI shall indemnify Morgan Stanley and the Morgan Stanley Subsidiaries, and the officers, directors, and employees of each, and hold them harmless with respect to Morgan Stanley's and Morgan Stanley's Subsidiaries' obligations or liabilities under such agreements and Morgan

Stanley's and Morgan Stanley's Subsidiaries' other obligations or liabilities as follows below and benefit plan claims as set forth in (v) below:

(i) All employment agreements or independent contractor agreements entered into between Morgan Stanley, its Subsidiaries or Affiliates (which, for the avoidance of doubt, does not include MSCI) and MSCI Business Employees, Former MSCI Employees, and independent contractors with respect to the services they provide to MSCI;

(ii) All collective bargaining agreements, collective agreements, trade union, or works council agreements entered into between Morgan Stanley, its Subsidiaries or Affiliates and any union, works council, or other body representing only MSCI Business Employees and Former MSCI Employees;

(iii) All wages, salary, cash incentive compensation, commissions, bonuses and results share payable to MSCI Business Employees and Former MSCI Employees on or after the Sale Date, and all obligations and liabilities for all vacation, holiday, sick leave, flex days, personal days and paid time off, including banked time, accrued by MSCI Business Employees;

(iv) All immigration-related, visa, work application, or similar rights, obligations and liabilities related to MSCI Business Employees and Former MSCI Employees; and

(v) Except as provided otherwise in paragraph (b) below, all liabilities and obligations of the MSCI Business with respect to claims (including any EEOC claims) made by or with respect to MSCI Business Employees and Former MSCI Employees, relating to any employee benefits, whether or not provided under an "employee benefit plan" as defined in ERISA, on account of services on or after September 1, 2008, including such liabilities relating to actions or omissions of or by MSCI or any officer, director, employee or agent thereof prior to the Sale Date. For the avoidance of doubt, Morgan Stanley, its Subsidiaries and Affiliates shall retain responsibility, including the liability for claims and payments with respect to, all plans that it continues to administer after the Sale Date, including without limitation any retirement plans in which MSCI Business Employees and Former MSCI Employees may have account balances as of the Sale Date.

(b) The Parties agree that none of Morgan Stanley or any Morgan Stanley Subsidiary shall have any liability for any MSCI Business Employee or Former MSCI Employee for any health or welfare benefit, whether or not provided under an "employee benefit plan" as defined in ERISA, on account of any person who is an MSCI Employee on or after September 1, 2008, and MSCI shall indemnify Morgan Stanley and the Morgan Stanley Subsidiaries, and the officers, directors, and employees of each, and hold them harmless with respect to such plan or program, except that Morgan Stanley will be responsible for (i) all medical claims

incurred under a Morgan Stanley health or welfare plan by MSCI Business Employees and Former MSCI Employees prior to September 1, 2008, regardless of whether such claims were reported prior to that date; and (ii) all continuing benefits provided to MSCI Business Employees and Former MSCI Employees pursuant to COBRA; *provided* for purposes of this subsection (ii) that Morgan Stanley (or any Morgan Stanley Subsidiary) was providing such benefits prior to September 1, 2008.

ARTICLE 5
GENERAL PROVISIONS

Section 5.01. *Restrictive Covenants.* Notwithstanding anything in this Agreement to the contrary, the Parties agree that any restrictive covenant agreements between Morgan Stanley, its Subsidiaries or Affiliates and MSCI Business Employees or Former MSCI Employees shall continue to exist, to the extent applicable, consistent with their terms. Morgan Stanley shall retain all rights with respect to such agreements, and MSCI shall have no obligations with respect to such agreements..

Section 5.02. *Preservation of Rights to Amend.* The rights of Morgan Stanley or MSCI, if any, to amend or terminate any plan, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 5.03. *Confidentiality.* Each Party agrees that any information conveyed or otherwise received by or on behalf of a Party in conjunction herewith are confidential, to the extent required by law.

Section 5.04. *Administrative Complaints/Litigation.* Except as otherwise provided in this Agreement, after the Sale Date, MSCI shall be solely liable for the handling, administration, investigation and defense of actions, including, without limitation, ERISA, occupational safety and health, employment standards, union grievances, wrongful dismissal, discrimination or human rights and unemployment compensation claims, asserted at any time against Morgan Stanley, or MSCI or their respective Affiliates by any MSCI Business Employee or Former MSCI Employee (including any dependent or beneficiary of any such Employee) or any other person, to the extent such actions or claims arise out of or relate to employment or the provision of services (whether as an employee, contractor, consultant, or otherwise) to or with the MSCI Business. To the extent that any legal action relates to a putative or certified class of plaintiffs, which includes both Morgan Stanley Business Employees (or Former Morgan Stanley Employees) and MSCI Business Employees (or Former MSCI Employees) and such action involves employment or benefit plan related claims, reasonable costs and expenses incurred by the Parties in responding to such legal action shall be allocated among the Parties equitably in proportion to a reasonable assessment of the relative proportion of Morgan Stanley Business Employees (or Former Morgan Stanley Employees) and MSCI Business Employees (or Former MSCI Employees) included in or represented by the putative or certified

plaintiff class. The procedures contained in the indemnification provisions of the Separation Agreement shall apply with respect to each Party's indemnification obligations under this Section 5.04. Morgan Stanley agrees to reasonably cooperate with, and to instruct its employees, counsel and advisors to reasonably assist, MSCI in its defense of any claims or proceedings, at MSCI's expense.

Section 5.05. *Costs of Compliance with Agreement.* Except as otherwise provided in this Agreement or any other Sale Document, each Party shall pay its own expenses in fulfilling its obligations under this Agreement.

ARTICLE 6
INDEMNIFICATION

Section 6.01. *Indemnification.* Each of MS Group and MSCI Group (each, as applicable, the "**Indemnifying Party**") agrees to indemnify, defend and hold harmless the other Party, and if applicable, their respective directors, officers, members, shareholders, partners, attorneys, accountants, agents and their heirs, successors and assigns (each, as applicable, the "**Indemnitee**") from, against and in respect of any damages, claims, losses, charges, actions, suits, proceedings, deficiencies, taxes, interest, penalties and reasonable costs and expenses (including without limitation reasonable attorney's fees and disbursements) ("**Claims**"), imposed on, sustained, incurred or suffered by or asserted against any of the Indemnitees relating to or arising out of the performance of this Agreement by the Indemnifying Party, except to the extent that any such Claim results from the willful misconduct or gross negligence of the Indemnitee or breach by the Indemnitee of this Agreement.

Section 6.02. *Notice of Claims.* The Indemnitee agrees to notify the Indemnifying Party, promptly in writing upon the receipt by the Indemnitee of notice of any pending or threatened claim or proceeding, including without limitation any audit or assessment with respect to taxes, which arise out of, in connection with or result from the activities contemplated hereby for which the Indemnifying Party has agreed to indemnify the Indemnitee. The Indemnitee further agrees to reasonably cooperate and assist and to instruct its employees, counsel and advisors to reasonably assist the Indemnifying Party in the defense of such claims or proceedings. The Indemnifying Party shall be entitled to participate, at its expense, in the defense of its interest in any such claim or proceeding.

ARTICLE 7
MISCELLANEOUS

Section 7.01. *Notices.* Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing shall be duly given upon delivery, if delivered by hand, facsimile transmission, or mail, to the following addresses:

(a) If to Morgan Stanley to:

Morgan Stanley
1585 Broadway
New York, NY 10036
Attn: Martin M. Cohen, Director of Company Law
Facsimile: (212) 507-3334

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
Attn: John Bick, Esq./Jean McLoughlin, Esq.
Facsimile: (212) 450-3800

(b) If to MSCI to:

MSCI Inc.
88 Pine Street
New York, NY
Attn: General Counsel
Telephone: (212) 804-3900

or to such other addresses or telecopy numbers as may be specified by like notice to the other Party. All such notices, requests and other communications shall be deemed given, (a) when delivered in person or by courier or a courier services, (b) if sent by facsimile transmission (receipt confirmed) on a Business Day prior to 5 p.m. in the place of receipt, on the date of transmission (or, if sent after 5 p.m., on the following Business Day) or (c) if mailed by certified mail (return receipt requested), on the date specified on the return receipt.

Section 7.02. *Amendments; No Waivers.*

(a) From and after the Sale, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Morgan Stanley and MSCI, or in the case of a waiver, by the Party against whom the waiver is to be effective.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 7.03. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their

respective successors and permitted assigns; *provided* that neither Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other Party hereto. If any Party or any of its successors or permitted assigns (i) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of such Party shall assume all of the obligations of such Party under this Agreement and the Ancillary Agreements.

Section 7.04. *Governing Law.* This Agreement shall be construed in accordance with and governed by the law of the State of New York, without regard to the conflicts of laws rules thereof.

Section 7.05. *Counterparts; Effectiveness; Third-Party Beneficiaries.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by the other Party hereto. Until and unless each Party has received a counterpart hereof signed by the other Party hereto, this Agreement shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). Neither this Agreement nor any provision hereof is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the Parties hereto and their respective successors and permitted assigns. No Employee or other current or former employee of Morgan Stanley or MSCI or any Subsidiary or Affiliate of either (or his/her spouse, dependent or beneficiary), or any other person not a party to this Agreement, shall be entitled to assert any claim hereunder. Without limiting the foregoing, the provisions of this Agreement are not intended to, nor shall they confer upon any Person other than the Parties hereto any right or expectation as to the adoption, amendment, maintenance, continuation, operation or funding of any employee benefit plan, policy or arrangement. Without limiting the foregoing, nothing in this Agreement shall be deemed to amend, modify or terminate the terms of any benefits under such plan, policy or arrangement or shall limit the rights of either Party to do so.

Section 7.06. *Entire Agreement.* This Agreement and the Ancillary Agreements constitute the entire understanding of the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof and thereof. No representation, inducement, promise, understanding, condition or warranty not set forth herein or in the Ancillary Agreement has been made or relied upon by any Party hereto. Regardless of anything else contained herein, the Parties do not intend for this Agreement to amend any employee benefit plans or arrangements.

Section 7.07. *Jurisdiction.* Any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the United States District Court for the Southern District of New York or any other New York State court sitting in New York County, and each of the Parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 7.01 shall be deemed effective service of process on such Party.

Section 7.08. *WAIVER OF JURY TRIAL.* THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.09. *Severability.* If any one or more of the provisions contained in this Agreement should be declared invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a declaration, the Parties shall modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are consummated as originally contemplated to the fullest extent possible.

Section 7.10. *Survival.* All covenants and agreements of the Parties contained in this Agreement shall survive the Sale Date indefinitely, unless a specific survival or other applicable period is expressly set forth herein.

Section 7.11. *Captions.* The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

Section 7.12. *Specific Performance.* Each Party to this Agreement acknowledges and agrees that damages for a breach or threatened breach of any of the provisions of this Agreement may be inadequate and irreparable harm may occur. In recognition of this fact, each Party agrees that, if there is a breach or threatened breach, in addition to any damages, the other nonbreaching Party to this Agreement, without posting any bond, shall be entitled to seek and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, attachment, or any other equitable remedy which may then be available to obligate the breaching Party (i) to perform its obligations under this Agreement or (ii) if the breaching Party is unable, for whatever reason, to perform those obligations, to

take any other actions as are necessary, advisable or appropriate to give the other Party to this Agreement the economic effect which comes as close as possible to the performance of those obligations (including, but not limited to, transferring, or granting liens on, the assets of the breaching Party to secure the performance by the breaching Party of those obligations).

Section 7.13. *Performance.* Each Party shall cause to be performed all actions, agreements and obligations set forth herein to be performed by any member of such Party's Group.

Section 7.14. *Limited Liability.* Notwithstanding any other provision of this Agreement, no individual who is a stockholder, director, employee, officer, agent or representative of MSCI or Morgan Stanley, nor any individual employed or previously employed by MSCI or Morgan Stanley or their respective Affiliates and serving or previously serving as a fiduciary of any benefit plan of MSCI or Morgan Stanley or their respective Affiliates (or any body consisting of such individuals), in his, her or its capacity as such, shall have any liability in respect of or relating to the covenants or obligations of MSCI or Morgan Stanley under this Agreement and, to the fullest extent legally permissible, each of MSCI and Morgan Stanley, for itself and its respective stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such Person otherwise might have pursuant to Applicable Law.

Section 7.15. *Mutual Drafting.* This Agreement shall be deemed to be the joint work product of Morgan Stanley and MSCI and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 7.16. *Effect if Sale Does Not Occur.* Notwithstanding anything in this Agreement to the contrary, if the Sale does not occur, this Agreement shall be of no force and effect.

Section 7.17. *Corporate Authorization.* The officers of Morgan Stanley and MSCI are hereby authorized, empowered and directed, in the name and on behalf of each of Morgan Stanley and MSCI, respectively, to take or cause to be taken all such further action, to execute and deliver or cause to be executed and delivered all such further agreements, certificates, instruments and documents, to make or cause to be made all such filings with governmental or regulatory authorities, and to pay or cause to be paid all such fees and expenses, in each case which shall in such officers' judgment be deemed necessary, proper or advisable to effect and carry out the intent of this Agreement, such determination to be evidenced conclusively by such officers' execution and delivery thereof or taking of action in respect thereto.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their names by a duly authorized officer as of the date first written above.

MORGAN STANLEY

By: /s/ Colm Kelleher
Name: Colm Kelleher
Title: Chief Financial Officer

MSCI INC.

By: /s/ Henry A. Fernandez
Name: Henry A. Fernandez
Title: Chairman and CEO

Signature page to the Employee Matters Agreement

EXECUTION COPY

May 22, 2009

MSCI Inc.
88 Pine Street
New York, NY 10005
Attn. Frederick W. Bogdan, General Counsel
Telephone: (212) 804-2930

Re: Services Agreement by and between Morgan Stanley and MSCI Inc.

Ladies and Gentlemen:

Morgan Stanley ("**Morgan Stanley**") and MSCI Inc. ("**MSCI**" and, together with Morgan Stanley, the "**Parties**") have entered into a Services Agreement dated as of November 20, 2007 (the "**Services Agreement**"), as amended July 21, 2008. Except as otherwise provided in this letter agreement (the "**Letter Agreement**"), all capitalized terms used without definition herein shall have the meanings ascribed to them in the Services Agreement.

Morgan Stanley intends to sell all of the outstanding shares of Class A common stock, par value \$0.01 per shares, of MSCI and its subsidiaries owned by Morgan Stanley (the "**Sale**", and the date of the consummation of the disposition of all shares of MSCI Class A Common Stock held by Morgan Stanley, the "**Sale Date**").

In connection with the Sale, and pursuant to, and in accordance with, Section 8.12 of the Services Agreement, by executing this Letter Agreement the Parties hereby agree that the Schedules are hereby terminated in their entirety and replaced with the Amended and Restated Schedules attached to this Letter Agreement.

Except as amended by this Letter Agreement, all provisions of the Services Agreement and the exhibits thereto shall remain in full force and effect following the Sale Date unless the Services Agreement expires or is terminated in accordance with its terms.

Notwithstanding anything in this Letter Agreement to the contrary, if the Sale does not occur, this Letter Agreement shall be of no force and effect.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Letter Agreement and returning it to us at the address below.

MORGAN STANLEY

By: /s/ Colm Kelleher

Name: Colm Kelleher

Title: Chief Financial Officer

Morgan Stanley
1585 Broadway
New York, NY 10036

Confirmed, accepted and agreed to as of the date first written above:

MSCI INC.

By: /s/ Henry A. Fernandez

Name: Henry A. Fernandez

Title: Chairman and CEO

Signature page to Services Letter Agreement

Amended and Restated Schedules, dated as of May 22, 2009

to the Services Agreement by and between Morgan Stanley and MSCI Inc.,

dated as of November 20, 2007, as amended July 21, 2008

Schedule I: Finance Services

<u>Business Function</u>	Finance Services
<u>Providing Party</u>	Morgan Stanley
<u>Receiving Party</u>	MSCI

Description of Services: Morgan Stanley will perform the following Services for MSCI:

- Provide MSCI with information on the OMEGA system in order to enable MSCI to account for management charges, intercompany interest, intercompany entries and other charges or allocations
- Assist with bank account and payment processing in China

Duration of Services: Up to three months, terminable on written notice from MSCI.

Schedule II: Legal and Compliance Services

<u>Business Function</u>	Legal and Compliance Services
<u>Providing Party</u>	Morgan Stanley
<u>Receiving Party</u>	MSCI

Description of Services: Morgan Stanley will use good faith reasonable efforts to perform the following Services for MSCI:

- Provide daily electronic trade reports for all personnel with brokerage accounts at a Morgan Stanley entity or outside broker that is included in the daily electronic trade reports delivered to Designated Managers

Duration of Services: Up to six months, terminable on written notice from MSCI.